

2 January 2004

HRSC-SW Operating Procedure 12530.2a

Subj: PAY SETTING

Ref: (a) 5 CFR 210 Basic Concepts and Definitions (General)
(b) 5 CFR 530 Pay Rates and Systems (General)
(c) 5 CFR 531 Pay under the General System
(d) 5 CFR 532 Prevailing Rate Systems
(e) 5 CFR 534 Pay under Other Systems
(f) 5 CFR 536 Grade and Pay Retention
(g) 5 CFR 550 Pay Administration (General)
(h) 5 CFR 551 Pay Administration under the Fair Labor Standards Act
(i) 5 CFR 575 Recruitment and Relocation Bonuses; Retention Allowances; Supervisory Differentials
(j) 5 CFR 591 Allowances and Differentials
(k) OCPM Arlington VA msg 211532Z Nov 91
(l) OCPM Arlington VA msg 211535Z Nov 91
(m) OCPM Arlington VA msg 211534Z Nov 91
(n) DoD Manual 1400.25-M, SC 531 Pay under the General Schedule
(o) Office of the Assistant Secretary of Defense memoranda of 13 Feb 87, 2 Nov 90, and 16 Jun 92
(p) Comptroller General Decision B-212833 of 4 Jun 84 in the Case of Carma R. Thomas
(q) Comptroller General Decision B-214671 of 12 Jun 84 in the Case of Susan E. Murphy

Encl: (1) Superior Qualifications Appointment Justification Form (Non-Demonstration Project Positions)
(2) Recruitment/Relocation Bonus Justification Form
(3) Retention Allowance Justification Form
(4) Recruitment/Relocation Bonus or Retention Allowance Service Agreement

1. **Purpose.** To establish pay setting policy and procedures for civilian employees serviced by the Human Resources Service Center, Southwest (HRSC-SW) in accordance with references (a) through (q).

2. **Cancellation.** HRSC-SW-OP-12530.2 of 22 Oct 02 with CH-1 of 11 Mar 03

3. **Background.**

a. Pay setting practices often vary considerably between activities, pay systems, and also between traditional and Demonstration Project compensation programs. In the case of non-demonstration project employees, the Human Resource Offices (HROs) and the HRSC-SW will share responsibility for ensuring that pay determinations are in compliance with the applicable laws, regulations, local policies and/or negotiated agreements and line management decisions where discretionary flexibility exists. The HRSC-SW retains paysetting authority for such employees. In such cases, the HRSC-SW will be responsible for computing/setting pay and for communicating the pay determination to HROs before extending job offers. However, for Demonstration Project pay actions, the servicing HRO retains pay setting authority. For such

employees, the HROs will inform the HRSC-SW of the pay setting decision in writing before job offers are made.

b. For all pay systems:

(1) When the pay determination is known at the time a Request for Personnel Action (RPA) is prepared (for example, in the case of career promotions, reassignments, noncompetitive appointments, etc.), the HRO will ensure that any special or unique pay remarks associated with the action (for example, advanced in-hiring rates for superior qualification appointments, highest previous rate, recruitment/relocation bonuses, etc.) are annotated in the notepad of the RPA. The HRO will also forward any required supporting documentation with it. HRO pay actions are then forwarded to the HRSC-SW via the Defense Civilian Personnel Data System (DCPDS).

(2) In cases where the pay determination is not known at the time the RPA is prepared (for example, in the case of recruitment actions), the HRO will advise management of their options and ensure that the pay determination information and any HRSC-SW required supporting documentation is attached to the completed selection certificate and forwarded to the HRSC-SW via e-mail, fax, or hard copy, as appropriate. The documentation supporting pay decisions is also required for activities doing their own processing under a special Memorandum of Understanding.

4. **Responsibilities and Procedures.** The HRSC-SW and the customers it serves (i.e., HROs, management, and employees) are responsible for implementing procedures outlined below:

a. **Pay Setting Responsibilities for Non-Demonstration Project Positions:**

(1) **HRO:** Provides advice to managers on pay setting options. Insures that management's pay determination and any required supporting documentation conform to the appropriate law, regulation, negotiated agreement, and/or activity policy and has been approved by the appropriate level of management. Forwards pay setting decisions and any required supporting documentation to the HRSC-SW for processing. Supporting documentation might include, but is not limited to, any HRSC-SW-required documentation (for example, enclosures (1), (2), (3), and/or (4), etc.). The documentation is to be submitted with the RPA or with the completed selection referral or certificate to the HRSC-SW.

(2) **Managers:** Managers make pay setting decisions in accordance with applicable laws, regulations, negotiated agreements and/or activity policies in the case of discretionary pay setting. In discretionary pay matters, Managers will provide a written decision as to how they wish the selectees/employees pay to be set if/when that decision differs from the usual pay setting guides set forth in this instruction. This written decision will be provided no later than five full working days prior to the effective date of a personnel action requiring such a decision.

(3) **Selectees/Employees:** Provide complete and accurate salary data to Management/HRO in support of pay determinations, as required. This data may include a Notice of Personnel Action (NPA) also referred to as an SF-50, a resume, and/or Leave and Earnings Statement (LES).

2 January 2004

(4) **HRSC-SW**: Provides advice to and consults with HRO and management to facilitate the process associated with pay determinations.

b. **Procedures for Setting Pay for Non-Demonstration Project Positions.**

(1) **New Appointments.** For all new appointees, permanent or temporary, pay will be set at the minimum rate of the appropriate pay scale for the grade to which appointed, unless a higher rate is possible in accordance with the provisions of paragraph 4.b(2) or 4.b(6), below.

(2) **Highest Previous Rate (HPR):**

(a) Highest previous rate means the highest actual rate of basic pay previously paid to an individual while employed under conditions described in references (c) and (d). Pay will be set based on highest previous rate whether or not the position was subject to the General Schedule (GS) pay system. The highest previous rate may be based on the rate received during a regular tour of duty at any rate of basic pay while received by an individual while served under an appointment not limited to 90 days or less, or for a continuous period of not less than 90 days under one or more appointments without a break in service. The appropriate Human Resource Specialist in Code 50, HRSC-SW, will make determinations as to what pay rates may be considered for the purpose of setting pay based on highest previous rates. If the documentation necessary to support a highest previous rate determination is not immediately available, the HRSC-SW will set pay at the minimum rate permitted by law and/or regulation and annotate the Notification of Personnel Action with the following remark: "Pay rate shown is subject to upward retroactive adjustment upon verification of prior service." Locality pay rates are not considered in determining the highest previous rate. Special salary rates may be considered highest previous rates in a reassignment to another position in the same agency if the conditions of 5 CFR 531.203(d)(2)(vii)(A) or (B) or (3) are met.

(b) Given the known labor market conditions and the provisions of reference (p), setting pay at the highest previous rate is necessary and appropriate in the HRSC-SW's area of responsibility. If a manager wants to pay a lower rate than the highest previous rate, notification of that decision is required by e-mail from the manager/HRO Personnel Management Advisor (PMA) and received by the responsible HRSC-SW specialist at least five full working days before the personnel action takes effect. HRSC-SW will coordinate pay setting with the HRO prior to making the final job offer.

(3) **Conversions to New Appointments.** When an employee is converted to a new appointment in the same position or to another position of the same grade without a break in service, he/she will continue to be paid the basic rate of pay received immediately prior to the appointment change unless he/she is eligible for highest previous rate. If the former pay rate falls between two steps of the new grade, the higher rate will be assigned. This provision is also applicable when an employee is reinstated from a temporary appointment to a career or career-conditional appointment. Provisions in paragraph 4.b. (2) above also apply in such cases.

(4) **Reinstatement.** When a former Federal employee is reinstated to a permanent position, pay will be fixed based on the highest previous rate unless the authorized management official decides that the pay will be set at a lower rate and furnishes a written copy of the decision to the HRSC-SW no later than five full working days before the effective date of the

2 January 2004

personnel action. This policy is based on known retention and recruitment patterns in HRSC-SW's area of responsibility and reference (p). Setting pay based on highest previous rates in these cases is appropriate and necessary.

(5) **Appointment of Former Federal Employees to Temporary or Term Positions.** In the case of appointments of former Federal employees (this does not include employees with a break in service of less than four days) to temporary or term positions, pay will be fixed at the highest previous rate unless an authorized management official decides that the pay will be set at a lower rate and provides a written rationale to HRSC-SW five full working days before the effective date of the personnel action.

(6) **Advanced Inhiring Rate for Superior Qualifications Appointments.** In accordance with references (c) and (n), superior qualifications appointments may be authorized for certain categories of employees. Officials making superior qualifications appointments must consider offering a recruitment bonus before providing advanced rates. Documentation of a superior qualifications appointment must include reasons for authorizing an advanced rate instead of, or in addition to, a recruitment bonus in accordance with reference (n). If an activity wishes to offer an applicant a salary based on superior qualifications, the manager will forward enclosure (1) with the RPA or selection certificate to the HRSC-SW via the HRO at least five full working days before the personnel action takes effect. Personnel actions effecting advanced inhiring rates will not be processed retroactively. Advanced inhiring rates must be requested, approved, and provided to the appropriate HRSC-SW specialist at least five full working days in advance of the employee's entrance on duty date (EOD).

(7) **Change to Lower Grade at Employee's Request.** When an employee is demoted or changed to a lower grade at his/her own request for his/her own personal benefit or convenience to a position with known promotion potential, any windfall that could occur when the employee is promoted must be taken into consideration when setting the employee's pay at a rate in the lower grade. For purposes of this policy, unless one of the conditions for pay retention under 5 CFR 536.104 is satisfied, application under merit promotion procedures for a lower grade position constitutes a request for change to lower grade for the employee's personal benefit or convenience. For example, a GS-6 employee at Barstow submits an application under Merit Promotion and signifies his/her willingness to accept a job at the GS-5 level with promotion potential to the GS-7 level in San Diego. His/her pay will be set at a level on the GS-5 pay scale that will ensure when he/she is eventually promoted to the GS-7 level his/her pay will not exceed the rate that would have been payable if the employee had been promoted from the GS-6 level to the GS-7 level.

(8) **Promotion.** When a current Federal employee is promoted, the HRSC specialist will calculate the pay to determine the salary the activity may pay an employee upon promotion. The specialist will calculate the pay using the 2-step promotion rule or 4% for FWS then calculate the pay using the highest previous rate. If the employee will receive a benefit using the HPR rule, then the HRSC specialist will contact the PMA/authorizing management official for a decision on setting the pay, and record the decision in the notes section of the RPA.

(9) **Grade/Pay Retention Situations.** Pay for employees eligible for grade or pay retention will be set in accordance with reference (f) and any other applicable Department of Defense (DoD) and/or Department of the Navy [(DON) to include Navy Headquarters, major

2 January 2004

claimants and/or activities'] regulations, directives, instructions, policy statements, memoranda and the like.

(a) **Grade Retention.** 5 CFR 536.103 regulation on grade retention will be extended in the following situations:

1. When an employee who moves to a position in a covered pay schedule that is lower graded than the position held immediately prior to the demotion as a result of reduction-in-force or as a result of a reclassification process.

2. When an employee who, immediately prior to being placed in a lower graded position as a result of reduction-in-force procedures, is in a position under a covered pay schedule, is eligible for grade retention only if the employee has served for 52 consecutive weeks or more in a position under a covered pay schedule at a grade higher than the position in which the employee is placed, including service performed by an employee of a nonappropriated fund instrumentality of DoD as defined in 5 U.S.C. 2105(c), who is moved to a position in the civil service employment system of DoD without a break in service of more than 3 days.

3. When an employee's position has been reclassified at a lower grade only if the position that is being reduced had been classified at a higher grade for a continuous period of at least 1 year immediately before the reduction.

4. When an employee is eligible for grade retention immediately prior to being placed in the lower grade, has served in a position in any pay schedule for 52 consecutive weeks or more, provided the service was in an agency as defined in 5 U.S.C. 5102 at a grade higher than the position in which the employee is placed including service performed by an employee of a nonappropriated fund instrumentality of DoD as defined in 5 U.S.C. 2105(c), who is moved to a position in the civil service employment system of DoD without a break in service of more than 3 days.

5. The head of an agency may offer grade retention to eligible employees who are or might be reduced in grade as the result of a reorganization or reclassification decision announced by management in writing. When an employee is offered a position with grade retention in anticipation of a reduction in grade, the agency shall inform the employee in writing that acceptance of the position is not required and that declination of the offer has no effect on the employee's entitlement to grade retention under paragraph 1 of this section if the employee is actually moved to a lower graded position.

(b) **Pay Retention.** 5 CFR 536.104 regulations on coverage and applicability of pay retention will apply to any employee whose rate of basic pay would otherwise be reduced:

1. As a result of the expiration of the 2-year period of grade retention; or

2. As a result of reduction-in-force or reclassification when the employee does not meet the eligibility requirement for grade retention; or

3. As a result of a reduction or elimination of scheduled rates, special schedules, or special rates, but not as a result of statutory reduction in scheduled rates of pay under the General

2 January 2004

Schedule, including a reduction authorized under section 5305(c) of title 5 U.S.C. or a statutory reduction in a prevailing rate schedule established under subchapter IV of chapter 53 of title 5 U.S.C. and part 532 of 5 CFR; or

4. As a result of the placement of an employee into a non-special rate position or into a lower special rate position from a special rate position; or

5. As a result of the placement of an employee in a position in a lower wage area or in a position in a different pay schedule; or

6. As a result of the placement of the employee in a formal employee development program generally utilized Government-wide: Upward Mobility, Apprenticeship, and Career Intern Programs; or

7. The head of the agency may provide pay retention to eligible employees whose rate of basic pay would otherwise be reduced as the result of a management action; or

8. The head of the agency may grant pay retention to an employee whose pay is reduced as the result of the movement of the employee's position from a nonappropriated fund instrumentality under the jurisdiction of DoD to the civil service employment system of DoD.

(10) **Recruitment/Relocation Bonuses and Retention Allowances.** In accordance with references (i), (k), (l) and (m), bonuses/allowances may be authorized for certain employees. Where activities have policies that permit payment of such bonuses/allowances, managers must complete and forward enclosures (2) and (4) or (3) and (4) to the HRSC-SW via the HRO to authorize payment. The appropriate enclosures must reach the responsible specialist at the HRSC-SW five full working days before the effective date of the personnel action.

(11) **Supervisory Differentials.** Pay for employees eligible for a supervisory differential will be set in accordance with reference (i) and any other applicable Department of Defense and/or DoN (to include Navy Headquarters, major claimants and/or activities') regulations.

(12) **Other situations** that involve setting pay above the minimum rate required by law, regulation, negotiated agreement, and/or activity policy will be dealt with as appropriate.

(13) **Processing personnel actions.** Upon receipt of the RPA, the activity's pay determination, and any HRSC-SW required supporting documentation, the HRSC-SW will:

(a) Contact the HRO if the HRSC-SW differs with the interpretation of applicable pay laws/regulations, the documentation required, and/or the resulting pay determination and attempt to resolve the problem. The HRSC-SW makes final decisions on pay determinations for non-demonstration project employees.

(b) Determine the Nature of Action (NOA), set pay based on the documentation received, process the action, and document the pay determination on the RPA. Provide file copies of Notifications of Personnel Actions (NPA's) to document pay actions.

2 January 2004

(c) Notify the servicing HRO if a selectee declines an offered rate of pay and/or a recruitment/relocation bonus. If the selectee could have been offered a higher rate of pay or a bonus and if the activity requests it, the HRSC-SW will extend a revised job offer. As an alternative, the activity may wish to instruct HRSC-SW in advance to negotiate pay setting with the selectee. In this case, the HRO on the behalf of the activity may provide specific parameters, for example, if the selectee declines step 1, offer step 2 or if he/she declines a 10% recruitment bonus, offer a 15% bonus, etc.

(d) In order to minimize pay problems, the HRSC-SW will effect pay actions **that affect current Federal Government employees (including, but not limited to, promotions, reassignments, and changes to lower grade) on the first day of a pay period.** All pay actions and supporting documentation must be received by the appropriate Human Resource Specialist in the HRSC-SW at least five full working days prior to the proposed effective date in order for an action to be effective on that date. The HRSC-SW will not process any retroactive pay actions unless directed by a third party decision or another similarly required action to do so.

(e) Process pay adjustments for current employees, including but not limited to Within Grade Increases (WIGI), general increases, locality pay increases, quality step increases, and special salary rate increases as required.

(f) Maintain the appropriate documentation to support each pay action on the left side of the Official Personnel Folder (OPF) as required.

(14) **Separations**. The HRSC will annotate the full performance level on the NPA separating the employee.

c. **Pay Setting Responsibilities for Demonstration Project Positions:**

(1) **HROs** provide advice and consultation to management in making the pay determinations associated with various personnel actions for Demonstration Project employees. They insure that management's pay determinations and any required supporting documentation conform to the appropriate law, negotiated agreement, and/or activity policy, that it has been approved by the appropriate level of management, and forward them to the HRSC-SW with the RPAs or with the completed selection certificates, as specified below. **The HRO retains final authority as to what constitutes required supporting documentation for Demonstration Project pay actions.**

(a) In cases where the pay determination is known at the time the RPA is prepared (e.g., career promotions, reassignments, noncompetitive appointments, etc.), the HRO will forward any required supporting documentation with the RPA. Additionally, the HRO will determine the NOA, set and compute the pay, and document the pay determination on the RPA. The HRO will ensure any special or Demonstration Project-unique pay remarks associated with the action (i.e., superior qualifications appointments, pro-rata WIGIs, etc.) are annotated in the notepad of the RPA. Pay actions will be forwarded to the HRSC-SW via DCPDS. The HRO retains pay-setting authority for Demonstration Project positions.

(b) In cases where the pay determination is not known at the time the RPA is prepared (i.e., recruitment actions), the HRO will ensure that the pay determination and any required

2 January 2004

supporting documentation is attached to the completed selection certificate and forwarded to the HRSC-SW via e-mail, fax, or hard copy, as appropriate. The appropriate specialist must receive such documents at least five full working days in advance of the entrance on duty (EOD) date. Supporting documentation will include RPA data.

(2) **Managers** make pay determinations in accordance with applicable laws, regulations, negotiated agreements, and/or activity policies, and with the advice of the HRO, as appropriate. They forward pay determinations and any required supporting documentation to the HRSC-SW via the HRO for processing.

(3) **Employees** provide complete and accurate salary data to management/HRO in support of pay determinations, as required. This data may include a SF-50, and/or LES, resume, etc.

(4) **HRSC-SW:** Upon receipt of the completed RPA, the activity's pay determination, and any Demonstration Project supporting documentation, the HRSC-SW will:

(a) Perform a cursory review of the activity's pay determination, including the RPA documentation. Provide copies of NPAs for the employee's OPF to document the pay action. Notify the HRO if additional documentation is needed or if any potential problem areas exist. If there is agreement that additional information is needed but it is not provided, the HRSC-SW will not process the action.

(b) Document the pay determination and notify the employee of it, usually via the job offer process.

(c) Paragraph 4.b. (3) above applies for the conversion to new appointments. This information is provided on the NPA (Employee Copy).

(d) Input data and process personnel actions for recruitment and relocation bonuses, retention allowances and supervisory differentials.

(e) Paragraph 4.b(9) above applies. Use of the form provided with this SOP is preferred. However, provided a locally developed form for demonstration project employees contains all of the information that appears on the SOP form, it will be accepted.

(5) **Special Pay Cases (Demonstration Project Positions):** In accordance with local Demonstration Project policies, the HRO will forward any required supporting documentation approved by the appropriate level of management to the HRSC-SW with the RPA or selection certificate, as appropriate. The HRO will consult with the HRSC-SW on the following pay actions:

(a) Superior Qualifications Appointments. The HRO will forward the Superior Qualifications memoranda and annotate the notepad of the RPA as required

(b) Pro-Rata Within Grade Increases (WGIs). The HRSC-SW will provide the HRO with the following information if it is not available electronically: Standard Form 75 information, including the employee's current step, basic pay, and date of last equivalent increase, LWOP amounts, etc. The HRO will annotate the notepad of the RPA as required.

2 January 2004

(c) Demonstration Project exit levels. For pay setting purposes only, the HRO will record the GS-level equivalent (including the step). The HRSC-SW will provide Demonstration Project Exit Information Sheets for employees changing Federal positions, as necessary and available.

(d) Demonstration Project Pay Adjustments. Payouts will be processed/effected in accordance with the applicable Demonstration Project Performance Based Pay Adjustment Operating Procedure. Demonstration Project transition pay adjustments, reachbacks, etc. will be processed in accordance with activity/HRO policies as appropriate.

(e) Demonstration Project in-hire salary rates. Pay actions involving Demonstration Project salary rates will be processed in accordance with activity/HRO policies. The HRO will provide Demonstration Project salary rate tables to the HRSC-SW, as necessary, and will annotate any Demo unique remarks in section D of the RPA.

5. **Effective date:** 02 January 2004

2 January 2004

**SUPERIOR QUALIFICATIONS APPOINTMENT (ADVANCED IN-HIRE RATE)
JUSTIFICATION FORM
(NON-DEMONSTRATION PROJECT POSITIONS)**

NAME: _____ ACTIVITY: _____

ORGANIZATION/CODE: _____

POSITION (TITLE/SERIES/GRADE): _____

1. I have reviewed the criteria for making superior qualifications appointments as outlined in 5 CFR 531 and have determined that its use is necessary to meet the needs of this Activity. In arriving at this determination, I fully considered each of the following factors as is described in my narrative justification below:

a) The nature of the superior qualifications (i.e., professional experience, unique/specialized skills, academic achievements, publications, etc.) of the candidate or of the Activity's special need that justifies use of this authority;

b) The factors considered in determining the candidate's existing pay and the reason for setting pay at a rate higher than that needed to match existing pay; and

c) The reasons for authorizing an advanced rate instead of, or in addition to, a recruitment bonus.

Narrative Justification (Documentation supporting the facts described below **must** be attached to this form.):

2. Upon examination of this candidate's qualifications for the position, I find his/her qualifications to be markedly superior to those of other well-qualified applicants.

3. The candidate's current salary is \$_____ per annum/PH. I recommend approval of a superior qualifications appointment at step_____ of grade_____. This is the minimum salary that I believe the candidate will accept and is consistent with overall Federal pay policies.

4. In requesting this approval, I have given careful consideration to overall pay alignment within the organization and other salary management considerations and have determined that this superior qualifications appointment is in the best interest of the government.

Supervisor's Signature_____
Date_____
Activity Authorizing Official's Signature (if applicable)_____
Date_____
HRO Reviewer's Signature_____
Date

Enclosure (1)

2 January 2004

**RECRUITMENT/RELOCATION BONUS JUSTIFICATION FORM FOR NON-DEMO PROJECT
SELECTEES**

Name:	Activity:
Position Title/PP/Series/Grade:	Organization:

Type of Bonus: **RECRUITMENT** **RELOCATION**

1. I have reviewed the criteria for offering recruitment/relocation bonuses as outlined in 5 CFR 575 and have determined that its use is necessary based on an analysis of the following factors (mark applicable factors with an X and provide justification):

 Results of recent efforts to attract quality candidates for similar/identical positions as evidenced by offer/acceptance rates, the proportion of positions filled, and/or the length of time required to fill similar/identical positions,

 Recent turnover in similar/identical positions;

 Labor-market factors that may affect the organization's ability to recruit quality candidates for similar/identical positions now or in the future;

 Special qualifications needed for the position; and/or

 The practicality of using a superior qualifications appointment, separately or in conjunction with a recruitment bonus.

Narrative Justification (Documentation supporting the facts described below **must** be attached to this form.):

2. I certify that absent payment of this recruitment/relocation bonus as noted above, this activity would encounter difficulty in filling the position.

3. The applicant is being appointed to a (pay plan, occupational series, and grade) position at the step appropriately determined by use of highest previous rate or by application of superior qualifications. I recommend approval of a (recruitment/relocation) bonus in the amount equivalent to % (any percentage up to 25%) of the candidate's rate of basic pay exclusive of locality pay.

4. In requesting this approval, I have given careful consideration to overall pay alignment within the organization and other salary management considerations and have determined that payment of this bonus is in the best interest of the government.

Activity Authorizing Official's Signature

Date

HRO Reviewer's Signature

Date

Enclosure (2)

2 January 2004

RETENTION ALLOWANCE JUSTIFICATION FORM FOR NON-DEMO PROJECT EMPLOYEES

Name:	Activity:
Position Title/PP/Series/Grade:	Organization:

1. I have reviewed the criteria for offering retention allowances as outlined in 5 CFR 575 and have determined that its use is necessary based on the unusually high or unique qualifications of this employee and/or a special need of this Activity for the employee's services, which makes it essential to retain the employee. In arriving at this determination, I fully considered each of the following factors as is described in my narrative justification below:

____The extent to which the employee's departure would affect this Activity's ability to carry out an activity or perform a function that is deemed essential to the Command's mission;

____The success of recent efforts to recruit candidates and retain employees with qualifications similar/identical to those possessed by the employee for positions similar to the position held by the employee; and

____The availability in the labor market of candidates for employment who, with minimal training or disruption of service to the public, could perform the full range of duties and responsibilities assigned to the position held by the employee.

Narrative Justification: *(Document justification supporting the factors listed above)*

2. I certify that absent payment of this retention allowance, this employee would likely leave Federal service and that the employee's skills are essential for accomplishing the Activity's mission.

3. I request that retention allowance in the amount of \$_____, which is equivalent to _____% (no more than 25% of the employee's rate of basic pay exclusive of locality pay), be approved for a period of _____months (no less than one year).

4. In requesting this approval, I have given careful consideration to overall pay alignment within the organization and other salary management considerations and have determined that payment of this retention allowance is in the best interest of the government.

Activity Authorizing Official's Signature

Date

HRO Reviewer's Signature

Date

Enclosure (3)

2 January 2004

RECRUITMENT/RELOCATION BONUS OR RETENTION ALLOWANCE
SERVICE AGREEMENT FOR NON-DEMO PROJECT SELECTEES OR EMPLOYEES

5 U.S.C. 5753 AND 5754 and Part 575 of Title 5, Code of Federal Regulations provide, under certain conditions, that the bonuses/allowances indicated below can be offered to certain categories of employees. Accordingly, the following agreement will be used to establish eligibility for these bonuses/allowances.

This agreement is for a:

____ RECRUITMENT BONUS

____ RELOCATION BONUS

____ RETENTION ALLOWANCE

I, _____, have accepted the bonus/allowance indicated above for the position of (title, pay plan, occupational series and grade), at (name of activity and location). I understand that the bonus/allowance will be ____% (up to 25%) of my rate of basic pay (exclusive of locality pay).

For recruitment/relocation bonuses only: By accepting this bonus, I agree to remain in government service for a minimum period of ____ (number of months, but no less than one year) beginning with the date I report for duty at (activity's name). I understand that the recruitment/relocation bonus must be recovered if I fail to complete the period of employment established by this Service Agreement, or if I am removed for cause before expiration of the required minimum service period. The amount of the repayment will be determined in accordance with the policy set by (name of organization). I understand the government may withhold any final pay due to me to apply against or liquidate any indebtedness arising from my violation of this agreement.

For retention allowances only: I understand that the payment of this allowance will be reviewed annually and may be reduced or terminated at any time in accordance with the policy set by the name of organization.

Employee's Signature

Date

Activity Authorizing Official's Signature

Date

HRO Reviewer's Signature

Date

Enclosure (4)